

# **Request for Proposal**

## **For**

### **New Jersey Small Employer Health Benefits (“SEH”) Program**

#### **1.0 PURPOSE, INTENT, AND FUNDING INFORMATION**

##### **1.0.1 Purpose**

The general purpose of this Request for Proposal (the “RFP”) is to ensure that the funds raised by the Small Employer Health Benefits (“SEH”) Program Board (the “SEH Board”) through assessments of the carriers that are members of SEH Program are handled appropriately and have been accounted for and spent in furtherance of the statutory authorities and responsibilities of the SEH Board. Specifically, the purpose is to obtain the following services of an independent certified public accounting firm to:

a) Perform annual audits of the finances of the SEH Board, in conformance with generally accepted accounting principles and applicable State rules, Department of the Treasury circular letters and guidelines, for fiscal years 2000, 2001, 2002, 2003, 2004 and 2005.

##### **1.0.2 Intent and Scope**

The intent of the SEH Board is to have one contractor perform the duties listed above in 1.0.1(a) for fiscal years 2000 through 2005.

##### **1.0.3 Funding Information**

The SEH Board is authorized to assess carriers that are members of the SEH Program for administrative expenses of the SEH Program.

#### **1.1 Statute and Background**

The New Jersey Small Employer Health Insurance Reform Act (“the Act”) was enacted on November 30, 1992, as P.L. 1992, Chapter 161 and has been amended a number of times. These laws are codified at N.J.S.A. 17B:27A-2 et seq. The Act created the SEH Program and established a Board of Directors to administer the SEH Program.

The Act requires all insurance companies, health service corporations and health maintenance organizations authorized to issue health benefits plans to Small Employers in New Jersey to offer only standardized plans established by the SEH Board after January 1, 1994.

Carriers issuing Small Employer health benefits plans are required to adhere to the following underwriting guidelines:

- **Guaranteed Issue** - No Small Employer may be denied coverage, regardless of health, age, gender, occupation or any other factor relating to employees or dependents.

- **Guaranteed Renewal** - No Small Employers may have their coverage canceled, except for non-payment of premium or fraud.
- **Minimum Loss Ratio** – This provision imposes cost controls on premiums by limiting carriers to a maximum of 25 percent overhead and requiring them to pay out in the form of benefits a minimum of 75 percent of the premium dollars they collect.
- **Modified Community Rating** - Rates for all standard policies must be within a 2:1 ratio.

The SEH Board has broad statutory powers to implement and oversee the SEH Program, including specific authority to enter into contracts which are necessary and proper to carry out the provisions and purposes of the Act, which includes the selection of a certified public accounting firm to perform the duties specified herein.

## **2.0 SEH PROGRAM AUDIT**

### **2.1 Specifications**

The SEH Program seeks an annual audit of its 2000, 2001, 2002, 2003, 2004 and 2005 financial records, to be completed within 180 days of the Board providing access to the Board's records. The audit shall be conducted by an independent certified public accounting firm in conformance with generally accepted accounting principles and applicable State rules, Department of the Treasury circular letters and guidelines. The SEH Board maintains its own bank accounts, pays its bills, contracts through the Department of Banking and Insurance for full-time staff persons and services, and maintains offices at 20 West State Street, 11th Floor, Trenton, New Jersey. The audit of the financial statements shall be in accordance with generally accepted auditing standards. The SEH Program's fiscal year is July 1 through June 30. The audit will be performed at the offices of the SEH Board, where the records of the SEH Program are maintained and the staff of the SEH Board is available to answer questions and provide information and documents required. The audit shall encompass the following items:

- 2.1.1 The handling of SEH Program funds and accounting of assets and money of the SEH Program;
- 2.1.2 A determination that administrative expenses have been properly allocated and are reasonable;
- 2.1.3 A determination that sufficient internal controls exist to ensure the proper handling of SEH Program funds and adequate oversight of spending;
- 2.1.4 The annual financial report of the SEH Program;
- 2.1.5 The calculation of any assessment of carriers for administrative costs; and
- 2.1.6 Any additional items necessary for the completion of an annual audited statement.

## 2.2 Reporting

To comply with Executive Order # 122, the auditor selected shall report directly to the Finance and Operations Committee or the Board. The Finance and Operations Committee shall hold at least two private meetings a year with the auditor. One of these audits shall be held upon commencement of the audit and the other upon issuance of the final audit report. The auditor will also be expected to present its findings before meetings of the SEH Board and to respond to all questions by Board members and staff as to the findings of the audit.

Upon completion of the audits, the SEH Board will require complete, bound copies of the financial statements and a report which states the findings for each of the Fiscal Year audits, with respect to the specific categories described above, and provides constructive recommendations to the SEH Board for improving financial accounting and reporting systems, and internal controls of the SEH Program.

## 3.0 ADDITIONAL WORK AND/OR SPECIAL PROJECTS

3.1 It may be desirable for the Board to have the auditor perform additional work or special projects that are not contemplated by this RFP.

3.2 The auditor shall not begin performing any additional work or special projects without first obtaining written approval from the SEH Board. In the event of additional work and/or special projects, the auditor must present a written proposal to perform the additional work to the SEH Board. The proposal must provide justification for the necessity of the additional work. The relationship between the additional work and the base contract work must be clearly established by the auditor in its proposal.

The auditor's written proposal must provide a detailed description of the work to be performed, broken down by task and subtask. The proposal must also contain details on the level of effort, including hours, labor categories, etc., necessary to complete the additional work.

The written proposal must detail the cost necessary to complete the additional work in a manner consistent with the contract. The written cost proposal must be based upon the hourly rates, unit costs or other cost elements submitted by the auditor in the auditor's original bid proposal submitted in response to this RFP. The cost proposal must set forth the net estimate of hours needed to perform the work. The firm fixed price must specifically reference and be tied directly to costs submitted by the auditor in its original bid proposal. A payment schedule, tied to successful completion of tasks and subtasks, must be included.

Upon receipt and approval by the SEH Board of the auditor's written proposal, the SEH Board or the SEH Board's Executive Director will provide written approval.

No additional work or special project may commence without the written approval of the SEH Board. In the event the contractor proceeds with additional work or special projects without the written approval of the SEH Board, it shall be at the contractor's sole risk.

The SEH Board shall be under no obligation to pay for work done without the written approval of the SEH Board.

#### **4.0 GENERAL BIDDING AND SELECTION INFORMATION**

4.1 The following information must be submitted by all bidders. Its purpose is to aid in evaluating the bidder's ability to perform the work required. Failure to submit all information detailed in Paragraphs 4.1.3.1 through 4.1.3.13 below may result in the rejection of a proposal.

4.1.1 Name, title, corporate address and telephone number of the official responsible for the bid and for other personnel similarly authorized to conduct negotiations.

4.1.2 A description of the bidder's approach to the project. Proposals should be prepared in detail, providing a straightforward, concise description of the firm's abilities to satisfy the requirements of the proposal specified in the RFP. Emphasis should be on completeness and clarity of content.

4.1.3 A plan for completing the project. The plan shall include the following:

4.1.3.1 A statement of the general background, experience and qualifications of the bidder. Special mention should be made of experience in handling or administering similar governmental or quasi-governmental programs;

4.1.3.2 A statement of the background and experience of the bidder with National Association of Insurance Commissioners (NAIC) annual statement reporting;

4.1.3.3 Resumes or curriculum vitae of the qualifications of management, professional and technical personnel who will work on this assignment;

4.1.3.4 An estimate of the number of hours that each Program audit, by Fiscal Year, will take to complete;

4.1.3.5 The blended rates that the bidder will charge including the rates specific to each labor category; and the method for calculating the rates.

4.1.3.6 A copy of the firm's certificate of incorporation or authority and proof that the firm is a certified public accounting firm. All New Jersey corporations must obtain a Certificate of Incorporation from the Office of the Secretary of State prior to conducting business in the State of New Jersey. If a firm is a corporation incorporated in a state other than New Jersey, the firm must obtain a Certificate of Authority to do business from the Office of the Secretary of State prior to receipt of final contract award;

4.1.3.7 A completed Ownership Disclosure Form. Contracts for any work, goods or services cannot be issued to any corporation or partnership unless prior to, or at the time of, proposal submission, the firm has disclosed the names and addresses of all its owners holding 10% or more of the corporation or partnership's stock or interest. Refer to

N.J.S.A 52:25-24.2. A copy of the form can be obtained by accessing the website:  
[www.state.nj.us/treasury/purchase/forms.htm](http://www.state.nj.us/treasury/purchase/forms.htm);

4.1.3.8 A description of the methods to be used to segregate the time associated with the SEH Program from the bidder organization's normal book of business to ensure that the SEH Program Board is paying only for those expenses which actually relate to the SEH Program administration. The contract to be awarded will provide that in the event of any material modification to the SEH Program by the New Jersey Legislature, the parties will re-negotiate in good faith the terms of the agreement;

4.1.3.9 A list of clients or organizations, which can be used as references for work performed, particularly in health insurance-related areas. Selected references may be contacted by the Finance and Operations Committee of the SEH Board or the SEH Board's staff to determine the quality of work performed;

4.1.3.10 The description of the bidder's policy with respect to reimbursement of expenses including any caps on such expenses.

4.1.3.11 The following miscellaneous forms which can be obtained by accessing the website [www.state.nj.us/treasury/purchase/forms.htm](http://www.state.nj.us/treasury/purchase/forms.htm):

- a. Requirement to Provide a Certification in Compliance with MacBride Principles and Northern Ireland Act of 1989
- b. Set-off for State Tax
- c. Standard Terms and Conditions
- d. Affirmative Action Employee Information Report
- e. Affirmative Action Supplement to Bid Specifications

4.1.3.12 W-9 Questionnaire and Instructions, which can be obtained by accessing the website [www.state.nj.us/treasury/omb/forms/pdf/w-9.pdf](http://www.state.nj.us/treasury/omb/forms/pdf/w-9.pdf) for the questionnaire and [www.state.nj.us/treasury/omb/forms/w-9inst.pdf](http://www.state.nj.us/treasury/omb/forms/w-9inst.pdf) for the instructions.

4.1.3.13 Requirements of Executive Order 134, which can be obtained by accessing the website [www.state.nj.us/treasury/purchase/execorder134.htm](http://www.state.nj.us/treasury/purchase/execorder134.htm).

**4.2 There will be a mandatory pre-bid conference at 10:00am on February 23, 2006 in the 11<sup>th</sup> floor conference room of the Mary Roebling Building, 20 West State Street, Trenton, New Jersey.**

## **5.0 SUBMISSION OF PROPOSALS**

5.1 The address for all correspondence with the SEH Board is:

Rosaria Lenox  
Program Accountant  
NJ Small Employer Health Benefits Program  
20 West State Street, 11th Floor  
PO Box 325

Trenton, New Jersey 08625-0325

Fax: (609) 633-2030

Phone: (609) 633-1882 x50303

E-mail address: rlenox@dobi.state.nj.us

5.2 Requests for any additional information or explanation must be submitted in writing (and may be mailed, e-mailed or faxed) to the SEH Board. Only written responses may be relied on.

5.3 Submit 9 copies of bid documents.

5.4 Bid documents are to be delivered and received at the address listed above no later than 5:00 PM on March 20, 2006. Bid documents or clarification of same (except as requested by the SEH Board) received after this time and day may not be considered. Be sure to allow time for delivery by mail. There will be a public opening of all bids on March 21, 2006 at 10:00am in the 11<sup>th</sup> floor conference of the Mary Roebling Building, 20 West State Street, Trenton, New Jersey.

5.5 The State of New Jersey, the SEH Program, the SEH Board and the SEH Board's staff are not liable for any costs incurred by any bidder in responding to this RFP.

## **6.0 BID PROCESSING**

6.1 The SEH Board reserves the right to accept or reject any and all proposals. The selection will be made on the basis of the best interests of the residents of the State of New Jersey and the necessities of the SEH Program. The Evaluation Committee reserves the right to accept or reject any exception taken by a bidder to the terms and conditions of the RFP.

6.2 The SEH Board may require a firm to clarify any information submitted in its proposal. This clarification will, however, in no way change the proposal.

6.3 In the event it becomes necessary to revise any part of this Request for Proposal, written revisions will be provided to all firms who initially received the Request for Proposal.

### **6.4 Oral Presentation of Bid**

Firms which submit a proposal in response to this Request for Proposal, may be required to give an oral presentation of their proposal to the SEH Finance and Operations Committee and/or the Evaluation Committee. The purpose of such presentation is to provide an opportunity for the firm to clarify or elaborate on its proposal. Firms may not attend the oral presentations of their competitors. Firms must clearly understand that it is the Evaluation Committee's sole option to determine which firms, if any, will be invited to make oral presentations. Firms shall not construe the list of firms invited, if any, to imply acceptance or rejection of any proposal(s). The SEH Board will schedule the time and location of any such presentations.

## **7.0 SELECTION**

7.0.1 The contract will be awarded by the SEH Board based upon the findings and recommendations of the Finance and Operations Committee which in turn bases its recommendation on that of the Evaluation Committee. The Evaluation Committee will review the proposals submitted by all bidders.

7.0.2 The Evaluation Committee will evaluate the contractor on the basis of the factors set forth below and their relative weight:

- General background, demonstrated ability, and qualifications to conduct governmental audits; 15%
- Experience and familiarity with federal laws, rules and regulations relevant to governmental audits; 15%
- Qualifications of personnel to be assigned to this project; 15%
- Demonstrated willingness of the bidder to provide necessary assistance to the SEH Board in the time frames specified in the RFP; 10%
- Costs including rates and reimbursement policy; 10%
- The strength of the bidder's references; 10%
- The quality of relevant service to the governmental entities in previous transactions; 15%
- Quality of response to the RFP package; 10%

7.0.3 The Evaluation Committee's recommendations to the Finance and Operations Committee will be on the basis of the best interest of the SEH Board and shall provide a balance between cost and technical merit as determined by the Committee. The Committee will prepare a written report setting forth all technical scoring and the justification for the recommendation made to the SEH Board. The SEH Board shall adopt the recommendation of the Committee or shall undertake its own scoring using the same standards used by the Committee.

## **8.0 BOARD RIGHTS AND RESPONSIBILITIES**

8.1 The SEH Board or its representatives, which shall not include Board staff, shall have access to Contractor's work papers and documentation at reasonable times during the contract period at the SEH Board's request. Ownership of all data, material, and documentation (excluding work papers) originated and prepared for the SEH Board pursuant to this Request for Proposal shall belong exclusively to the SEH Board.

8.2 The SEH Board may authorize the Contractor(s) to perform additional activities beyond the scope of the RFP. Any such authorization shall be given in writing. Rates for such services shall be agreed upon by the parties and shall be set forth in writing.

8.3 The SEH Board shall designate a Project Manager with the contractor, who will be the sole point of contact for all matters pertaining to the operation of this contract.

8.4 The SEH Board reserves the right to terminate any contract(s) entered into as a result of this RFP providing written notice has been given to the Contractor(s) at least thirty (30) days prior to such proposed termination date.

## **9.0 CONTRACTOR RESPONSIBILITIES**

9.1 The Contractor shall be required to sign the confidentiality agreement attached hereto as Attachment E.

9.2 The Contractor shall provide the SEH Board or its representatives, which shall not include Board staff, with access to all records, files and reports associated with the SEH Program during normal working hours. All records, files and reports associated with the SEH Program are and shall remain the property of the SEH Board and are to be turned over to the SEH Board or to a successor firm, should there be one.

9.3 The Contractor must support hearings, meetings and other activities that may result from work performed under the contract resulting from this procurement. The Contractor should also be prepared to support the SEH Board in litigation or appeals initiated by the SEH Board. This work is within the scope of this proposal. Compensation shall be based on the bid price associated with the level of expertise necessary to support hearings, meetings or other activities rather than a blended rate.

9.4 The Contractor will commence work within 10 days of notification of the contract award, or the Board providing access to the Board's records.

9.5 The Contractor is required to maintain time records pertaining to services under the contract resulting from this RFP. These records must be available to the SEH Board or its representatives, which shall not include Board staff, at reasonable times during the contract period.

9.6 The Contractor agrees not to discriminate in employment and agree to abide by all anti-discrimination laws including but not limited to those contained within N.J.S.A. 10:2-1 through 10:2-4, N.J.S.A. 10-5 *et seq.* and N.J.S.A. 10:5-31 through 10:5-38, and all rules and regulations issued thereunder.

9.7 The Contractor must comply with all local, state and federal laws, rules and regulations applicable to this engagement and to the goods delivered and/or services performed thereunder.

9.8 It is agreed and understood that any contract(s) issued and/or order(s) placed as a result of this RFP shall be governed and construed and the rights and obligations of the parties thereto shall be determined in accordance with the laws of the State of New Jersey.

9.9 The Contractor shall assume all risk of and responsibility for, and shall indemnify, defend, and save harmless the State of New Jersey and its employees from and against any and all claims, demands, suits, actions, recoveries, judgments, costs, and expenses in connection therewith on account of the loss of life, property or injury or damage to the



person, body or property of any person or persons whatsoever, which shall arise from or result directly or indirectly from the work and/or materials supplied under this contract.

## **10.0 TITLE**

No firm shall pay, offer to pay, or agree to pay, a fee, commission, compensation, gift, etc., or influence and/or attempt to influence any employee of the SEH Board or member of the SEH Board or its Committees, to secure unwarranted privileges or advantages for the firm or any other person.

## **11.0 CONFLICT OF INTEREST**

The Contractor must not have a conflict of interest in providing services to the SEH Board, as determined by the SEH Board. The bidder selected will not be permitted to sub-contract any work required as part of this engagement, unless authorized in writing by the SEH Board. Any subcontractor must not have a conflict of interest in providing services to the SEH Board, as determined by the SEH Board.

## **12.0 STANDARD TERMS AND CONDITIONS**

**Any contract between the SEH Board and the Contractor shall include the standard terms and conditions. Refer to 4.1.3.11c above.**

## **List of Attachments**

Attachment A	Schedule of Assessment Amounts and Program Expenses per year
Attachment B	Exhibit CC, New Jersey Small Employer Health Benefits Program Carrier Small Employer Market Share Report
Attachment C	N.J.A.C. 11:20-8, Reporting Instructions for Exhibit CC
Attachment D	N.J.A.C. 11:20-2.8, Audit Regulations
Attachment E	Confidentiality Agreement

## **Attachment A**

### **Schedule of Assessment Amounts and Program Expenses per year**

<b>Year</b>	<b>Assessment Amount</b>	<b>Program Expenses</b>
2000	\$ 450,934	\$ 215,625
2001	\$ 356,000	\$ 222,507
2002	\$ 287,250	\$ 215,926
2003	\$ 250,000	\$ 176,804
2004	\$ 295,400	\$ 219,251
2005	\$ -	\$ 217,024

## Attachment B

# Exhibit CC, New Jersey Small Employer Health Benefits Program Carrier Small Employer Market Share Report

### EXHIBIT CC

#### New Jersey Small Employer Health Benefits Program Carrier Small Employer Market Share Report

This report must be completed in accordance with the provisions of N.J.A.C. 11:21-10, and certified by the Chief Financial Officer or other duly authorized officer of the Carrier. Reports must be completed and returned on or before April 15, 1994 and **by March 1** of each year thereafter. Completed Reports must be returned to the SEH Program Administrator as set forth in N.J.A.C. 11:21-1.3.

#### Part A. Carrier Information

1. Carrier's Name: \_\_\_\_\_

2. Carrier's NAIC Number: \_\_\_\_\_

3. Is the above named Carrier an affiliated Carrier?

\_\_\_\_ Yes      \_\_\_\_ No

a. If Yes, please list all Carriers with whom the above named Carrier is affiliated. List only those affiliates that had group health benefits plans in force for small employers in the preceding calendar year.

Name

NAIC #

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

#### Part B. Personal Respondent Information

1. Name: \_\_\_\_\_

2. Title: \_\_\_\_\_

3. Mailing Address: \_\_\_\_\_  
\_\_\_\_\_

4. Telephone No. \_\_\_\_\_ FAX No. \_\_\_\_\_

#### Part C. Calendar Year Information for 199

Net earned premium for all small employer group health  
benefits plans: \$ \_\_\_\_\_

#### Part D. Certification

I certify that the information provided in this Report is accurate and complete, and has been prepared in accordance with the provisions of N.J.A.C. 11:21-10.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Title

\_\_\_\_\_  
Date

## Attachment C

### N.J.A.C. 11:20-8, Reporting Instructions for Exhibit CC

The following excerpts from the **SEH Program** regulations are set forth below to assist you in completion of the Exhibit CC Market Share Report.

#### **SEH Program: Market Share Report**

##### **N.J.A.C. 11:21-10.1 Scope and applicability**

(a) This subchapter sets forth annual reporting requirements of market share data for the assessment of operational and administrative expenses of the SEH Program.

(b) This subchapter shall apply to all carriers that are, or become, members of the SEH Program for any portion of a calendar year for which reports under this subchapter are required to be filed, whether or not the carrier is a member on the report filing due date.

##### **11:21-10.2 Definitions**

Words and terms used in this subchapter shall have the meanings as set forth in the Act or the chapter, unless the context clearly indicates otherwise.

##### **11:21-10.3 Filing of the Market Share Report**

(a) Every member of the SEH Program shall file the Market Share Report set forth as Exhibit CC in the Appendix to this chapter, incorporated herein by reference, on or before March 1. Every member shall complete Parts A, B, C and D of the Market Share Report.

1. Affiliated carriers shall submit a combined Market Share Report, except as (a)2 below applies. The combined Market Share Report shall be submitted under the name of one of the affiliated carrier's members.

2. Any insurance company, health service corporation, hospital service corporation or medical service corporation that is an affiliate of a health maintenance organization located in the State, and any health maintenance organization located in the State that is affiliated with an insurance company, health service corporation, hospital service corporation, or medical service corporation shall submit separate Market Share Reports.

(b) Certified Market Share Reports shall be submitted by mail or facsimile to the SEH Program Administrator or Executive Director, as set forth at N.J.A.C. 11:21-2.

##### **11:21-10.4 Net earned premium**

(a) Every member's net earned premium for the preceding calendar year ending December 31 shall be set forth in Part C of the Market Share Report.

1. Net earned premium set forth in Part C of the Market Share Report shall include net earned premium resulting from health benefits plans issued, continued or renewed during the preceding calendar year for one or more small employers.

2. Net earned premium reported in Part C of the Market Share Report shall be based upon, if not the same as, the data set forth in the member's annual reports adjusted to meet the definition of group health benefits plan, as necessary.

##### **11:21-10.5 Certification**

All reports shall be certified as accurate, complete and conforming with the requirements of this subchapter by the Chief Financial Officer or other duly authorized officer of the member.

##### **11:21-10.6 Failure to comply**

Failure to comply with the reporting provisions of this subchapter shall result in the Board determining that the premium set forth in the member's most recent Annual Statement filed with the Department is the premium based upon which that member's market share allocation of assessments shall be calculated by the Board.

## Attachment D

### Audit Regulations

#### **N.J.A.C. 11:21-2.8 Assessments for administrative and operating expenses**

(a) Within 45 days after approving a final audited Program statement, the Board shall determine the final administrative expense total for the fiscal year, if any.

1. Each member's final assessment shall be reduced by any interim assessment paid by the member or credited to the member by the Board.

2. Each member's final assessment shall be reduced by any deferred assessments paid by assessed carriers in proportion to the original additional assessment made to cover the deferred amount.

3. Members shall be assessed for a proportionate share of the final administrative expenses for the fiscal year on the basis of health benefits plan earned premiums for the calendar year that includes the first six months of the fiscal year. The administrative expense assessment for each member shall be equal to the total of all administrative expenses for the fiscal year multiplied by the ratio of that member's earned premium for health benefits plans to the earned premium for health benefits plans of all members of the calendar year that includes the first six months of the fiscal year.

i. Beginning in Fiscal Year 2005, if a member's proportionate share of the interim assessment or final administrative assessment is less than \$5.00, the carrier shall not be assessed and the amounts uncollected will be reapportioned proportionally, based on market share, among the member carriers.

(b) The Board may make an interim assessment of members for reasonable and necessary organizational expenses and to cover anticipated interim operating expenses. At the discretion of the Board, interim assessments may be made on a monthly basis or such other periodic basis as necessary to ensure the availability of funds to meet operating expenses.

(c) Assessment amounts are due and payable upon receipt by a member of the invoice for the assessment. Payment shall be by bank draft made payable to the Treasurer--State of New Jersey, SEH Program, and mailed to the Executive Director at the address in [N.J.A.C. 11:21-1.3](#).

1. Members shall be subject to payment of an interest penalty on any assessment, or portion of an assessment, not paid within 45 days of the date of the invoice for the assessment, unless the member has been granted a deferral by the Commissioner of the amount not timely paid as permitted by N.J.S.A. 17B:27A-32c.

i. The interest rate shall be 1.5 percent of the assessment amount not timely paid per month, accruing from the date of the invoice for the assessment.

ii. Payment of an assessment, or portion of an assessment, for which an interest penalty amount has accrued, shall include the interest penalty amount accrued as of the invoice date; otherwise, payment shall not be considered to be in full.

2. Carriers that dispute whether they are subject to an assessment, or dispute the amount of assessment for which they have been determined liable by the Board, shall be assessed for and make payment of the full amount of the assessment invoice, including any interest penalty accruing thereon, until such time as the dispute has been resolved in favor of that carrier, or, if a contested case, the Board has rendered a final determination in

favor of that carrier in accordance with the Administrative Procedure Act, [N.J.S.A. 52:14B-1](#) et seq.

3. A member may request that the Commissioner grant a deferral of its obligation to pay an assessment in accordance with N.J.A.C. 11:21-15.

i. If a member files a proper request for deferral within 15 days of the date of the invoice, that member may make payment of the amount of the assessment invoice to be held in an interest bearing account in accordance with the procedures set forth herein, pending final disposition by the Commissioner of the deferral request.

ii. If the member withholds payment, as permitted herein and the Commissioner denies the request for deferral, the member shall be subject to payment of the interest penalty set forth herein, accruing from the date of the invoice for the assessment.

4. Amounts deferred by the Commissioner or subject to dispute, which dispute is resolved in favor of the carrier, shall be redistributed among all other members proportionately.

(d) The Administrator or Executive Director shall coordinate with the Department and other appropriate parties, including State agencies, regarding fiscal administrative matters, and develop appropriate procedures for such matters, and disburse funds for administrative expenses upon the directive of the Board.

1. Amounts of assessment in dispute or subject to deferral request, including any interest penalty paid by a carrier pursuant thereto, shall not be disbursed by the Administrator or Executive Director until such time as the dispute has been settled against the disputing carrier, or the deferral denied, except that any portion of an assessment not in dispute or subject to the deferral request, or portions no longer disputed or subject to a deferral request, may be disbursed immediately according to Board directive.

2. Amounts of assessment disputed or subject to deferral wherein the dispute is settled in favor of the disputing carrier, or a deferral is granted, shall be returned to the appropriate carrier within 15 days of the date that the Administrator or Executive Director receives notice of the determination by the Board or the Commissioner, as applicable along with the proportionate amount of interest penalty, if any, paid by the carrier for late payment of the amount.

(e) A member requesting a deferral from the Commissioner of an assessment amount shall concurrently provide notice of such request in duplicate to the Administrator or Executive Director in order to preserve its right to the moneys owed and paid pursuant to the invoice for assessment.

(f) If a member determined liable for an assessment fails to pay the full amount of the assessment and applicable interest, if any, within 60 days of the date of the invoice, and has neither submitted notice that it is seeking a deferral from the Commissioner, nor requested a hearing, the Board may provide to the Commissioner a notice of the member's failure to make payment along with a recommendation to revoke the member's authority to write any health benefits plans or other health coverage in this State or to take such other action against the carrier as may be authorized by law. A copy of this notice shall be sent to the member by registered mail at the same time that the notice is sent to the Commissioner. In accordance with the Act, failure to pay assessments shall be grounds for removal of a member's authority to write health coverage of any kind in this State.

In (a), substituted "July 15" for "April 15".

Amended by R.1998 d.512, effective September 25, 1998.

See: 30 N.J.R. 2815(a), 30 N.J.R. 3840(a).

In (a), rewrote the introductory paragraph and 3; rewrote (c); and in (d) and (e), inserted references to the Executive Director throughout.

Amended by R.2004 d.107, effective March 15, 2004.

See: 35 N.J.R. 5011(a), 36 N.J.R. 1594(a).

Added (a)3i; in (c), inserted an N.J.S.A. reference at the end of 1 and deleted "escrow" following "interest bearing" in 3i.



## **Attachment E**

### **Confidentiality Agreement**

### **Confidentiality Agreement**

**The contractor, its personnel and agents, shall maintain the confidentiality of all documents, records, and information received from the Board pursuant to the terms of this Contract, as well as any work papers, notes, and/or copies of documents, records, and information generated by the contractor.**

**The contractor, its personnel and agents, shall not disclose, discuss, or otherwise make available any documents, records, information, work papers, notes, or copies thereof except:**

- (1) to the Board or its attorneys (and the contractor shall have no obligation to disclose its proprietary information);

as required by law, rule, regulation, subpoena or other administrative or legal process, or by applicable regulatory or professional standards or pursuant to court order or other binding legal precedent; or

as otherwise directed in writing by the Executive Director or Interim Executive Director of the Board, subject to the other terms of this Agreement.

The foregoing restriction shall not apply to documents, records, information, work papers, notes, or copies thereof (i) that are in the public domain at the time the contractor receives it; (ii) that become a part of the public domain without breach of this Contract by the contractor; (iii) that are known to the contractor prior to their receipt from the Board; (iv) that are developed by the contractor independently of any disclosures previously made by the Board to the contractor of such information; or (v) that are disclosed in connection with litigation pertaining hereto.

If the contractor, any personnel of the contractor, or agent of the contractor who is required to report to the contractor, receives a subpoena or order, or becomes subject to any other legal requirement mandating disclosure of any document, record, or information covered by this confidentiality provision from any entity or person not authorized to receive such document, record, or information under the terms of this Contract, the contractor will, to the extent permitted by applicable law or regulation, notify the Executive Director of the Board and give the Board an opportunity to contest the subpoena, order, or other legal requirement before complying with it. The contractor shall provide at least ten (10) days' notice unless the time constraints contained within the subpoena, order, or other legal requirement time constraints make that unfeasible. Under no circumstances shall the contractor produce documents pursuant to any subpoena, order, or other legal requirement before the date specified therein.

Signature: \_\_\_\_\_

Date: \_\_\_\_\_